

China and India: Hindi, Chini bhai bhai?

Tommy Koh

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The two Asian giants need to rekindle the tradition of trust and understanding they once enjoyed

Last month, China's new Premier, Mr Li Keqiang, chose to use his first trip abroad to visit India. The message - that Beijing accords New Delhi a very high priority in its foreign policy - was significant. The bilateral relationship is one of the most important in the world, exceeded only by that between the United States and China. The two countries are of continental size, are home to rich civilisations, and have a combined population of over 2.5 billion.

Can a rising China and a rising India live at peace with each other?

Historical links

Most contemporary observers believe that the mighty Himalayan mountains constitute a natural barrier between China and India. As a result, there have been minimal interactions between their two peoples.

This is historically wrong. In fact, as Professor Amartya Sen has pointed out in his book, *The Argumentative Indian*, "intellectual links between China and India, stretching over much of the first millennium and beyond, were important in the history of the two countries".

Buddhist monks from China visited India in the fifth and seventh centuries. China also benefited a great deal from India in science, mathematics, medicine, architecture, music and literature. It is wonderful that members of the East Asia Summit are building a new Nalanda University, with Prof Sen as the head of its governing board, and Singapore's Mr George Yeo and China's Mr Li Zhaoxing playing an active role in the initiative.

The rebirth of the university reminds us that, 1,000 years ago, there was an Asian community and Asians were studying together and learning from one another.

In the 20th century, contacts between China and India have been less substantive and significant. But there were some positive exchanges. In 1962, however, China and India fought a brief border war. Although the victorious Chinese forces withdrew from the territories they had occupied, then Indian Prime Minister Jawaharlal Nehru felt humiliated and betrayed. Memories of that war continue to cause rancour in the hearts and minds of many of the Indian intelligentsia.

Sweet and sour relationship

The current state of bilateral relations is both sweet and sour. Indeed, the two economies are both competitive and complementary. China needs India's exports of iron ore, cotton, steel and other intermediate goods. India needs China's exports of machinery, electronics goods and other manufactured products. India has a competitive edge over China in software, pharmaceuticals and services. China has an edge over India in manufacturing. There are many complementarities between the two economies.

Bilateral trade is also booming. China has become India's largest trading partner. The two-way trade has reached US\$70 billion (S\$87.6 billion).

There is tremendous scope for more Chinese investment in India and more Indian investment in China, provided some political sensitivities can be removed. At present, China has invested only US\$278 million in India, ranking it No. 30 on the list of India's foreign investors. India has invested US\$422 million in China, ranking it No. 20 on India's list of investment destinations.

China and India share many common interests in international trade negotiations and climate- change negotiations. The two nations also cooperate in many multilateral institutions and see themselves as the champions of developing countries and of the emerging economies.

China and India do, however, have many points of divergence.

Trust deficit

First, there is a deficit of trust. In the 2013 India Poll, conducted by the Lowy Institute and the Australia India Institute, it was revealed that 83 per cent of the Indians polled perceived China as a security threat to India. Only 31 per cent of Indians agreed that China's rise has been good for India.

Because of this lack of trust, each side tends to misinterpret the policies and actions of the other. For example, India regards the ports which China is building in Bangladesh, Myanmar, Sri Lanka and Pakistan, the so-called string of pearls, with suspicion. Increasing mutual understanding and reducing mutual distrust is an imperative.

Border dispute

China claims the Indian state of Arunachal Pradesh as South-eastern Tibet. One of the most important temples of Tibetan Buddhism is located in Tawang, which is part of Arunachal Pradesh. India claims that China is occupying Indian territory in the Himalayan frontier, in the Ladakh region, called Aksai Chin.

Any solution will require political will and compromise on both sides. Zhou Enlai and Deng Xiaoping had proposed one possible compromise. Prime Minister Manmohan Singh recently stated that India is willing to show accommodation on the border issue but that accommodation must take into account "ground realities".

I am confident that the border dispute can be solved when there is sufficient political will to do so. China has resolved all its land border disputes except those with India and Bhutan. Also heartening is the recent declaration of both countries not to allow these disputes to affect their overall bilateral relations. The speedy resolution of a recent border stand-off demonstrates the determination and desire of the leaders of the two countries to achieve this.

Water concerns

Unlike Europe, the upper and lower riparian states in Asia do not have a culture of consultation and cooperation. India is concerned that the building of dams by China on the Yarlung Zangbo/Brahmaputra, will adversely affect those who live downstream. This is a

legitimate concern. Asians should learn from the positive experience of Europe in this respect. For example, the 19 riparian states of the River Danube consult and cooperate with one another in the management and use of that river system. The same regime should apply to all the great river systems of Asia.

Trade deficit

The growing trade deficit suffered by India has also become a political problem. India's trade deficit with China ballooned from US\$9.38 billion in 2007 to US\$28.87 billion last year. Premier Li and Prime Minister Singh have agreed to take energetic action to increase Indian exports to China and to reduce the deficit. Indian companies should overcome their fear of China and establish themselves in China in order to take advantage of the booming Chinese market.

Rising together

I agree with Dr Singh and former Chinese premier Wen Jiabao, when they said that the world is big enough to accommodate both. I also agree with Professor Kishore Mahbubani who, in his book, *The Great Convergence*, wrote: "Both China and India are entering into one of the most promising periods of civilisational rejuvenation. It would be sheer folly for China and India to waste this precious moment by engaging in a zero-sum geopolitical competition."

Relations between China and India in the 1950s were very good. Nehru had extended India's hand of friendship to the People's Republic of China at a time when some in the West were hostile to it. When Zhou Enlai visited New Delhi, he was greeted with banners proclaiming, "Hindi Chini bhai bhai", meaning Indians and Chinese are brothers.

I hope that one day in the near future that sense of brotherhood will return to the Sino-Indian relationship.

The author is the co-chairman of the China-Singapore Forum and the India-Singapore Strategic Dialogue.

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